Observation of M/o Finance on loopholes in SEZs

2504. SHRI N.R. GOVINDARAJAR: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether a secret report prepared by intelligence agencies under the Ministry of Finance to look into the functioning of all the major SEZs has pointed out loopholes in the law which can potentially be manipulated for tax evasion;

(b) if so, the details thereof;

(c) whether it is a fact that the amount of tax evasion exceed more than 10,000 crores by some big corporate found gross misuse of the export enclaves; and

(d) if so, the details thereof and the action by the Government against these corporates?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) No such report has been made available to this Department.

(b) to (d) Do not arise.

Misuse of FTAs in importing

2505. PROF. P.J. KURIEN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the countries with which India has Free Trade Agreement;

(b) whether Government is aware that this is hitting hard on our farmers because of unrestricted imports;

(c) whether misuse of FTA in importing Cloves, Pepper, Arecanut etc. from Sri Lanka have come to the notice of the Government; and

(d) if so, the details thereof, and Government's reaction thereto?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) India has signed Free Trade Agreements with the following countries:

(i) The India-Sri Lanka Free Trade Agreement covering only goods was signed on 28 December 1998 and its implementation began in March, 2000.

(ii) India and Singapore have signed a Comprehensive Economic Cooperation Agreement (CECA) on 29 June, 2005 which became effective from 1 August, 2006. The CECA includes, *inter-alia*, free trade agreements in goods, services and investment.

(iii) The Agreement on South Asian Free Trade Area (SAFTA), covering goods, was signed by the SAARC member countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) during the 12th SAARC Summit in Islamabad on 6 January, 2004 and has come into force from 1 January, 2006. The tariff liberalization programme under SAFTA has commenced from 1 July, 2006.